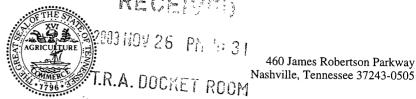
TENNESSEE REGULATORY AUTHORITY

Deborah Taylor Tate, Chairman Pat Miller, Director Sara Kyle, Director Ron Jones, Director



November 26, 2003

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr. Edward R. Ayres, President RBS Gas Utility, Inc. P. O. Box 1506 Madison, MS 39130

RE: Audit of RBS Gas Utility, Inc.'s Actual Cost Adjustment (ACA) Filing for the Period of March 1, 2002 through February 28, 2003

Docket No. 03-00389

Dear Mr. Ayres:

The Audit Report of RBS's ACA filing came before the Directors of the Tennessee Regulatory Authority for consideration at the November 24, 2003 Authority Conference. Due to the fact that RBS has not responded to the TRA Staff's audit findings and was not present at the Conference, the panel of Directors voted to defer its deliberations on the Staff's audit findings and recommendations until the next regularly scheduled Conference on **Monday**, **December 8, 2003**.

The Staff of the Energy and Water Division completed its audit of RBS's ACA filing on October 28, 2003. The Staff made numerous attempts by telephone and e mail to contact RBS without success during the ensuing period from October 29 through. November 12. RBS's attorney, Mr. Henry Walker, reported at the November 24 Conference that he also was unable to reach and discuss this matter with RBS in advance of the Conference.

As of the date of this letter, RBS has not responded to the Staff's findings in the Audit Report. In order to contest any of Staff's audit findings, RBS must file its responses to the findings in the Audit Report, dated November 13, 2003, no later than 4:00 P.M., Friday, December 5, 2003. In addition to submitting a written response, RBS should appear either by corporate representative or through counsel at the Monday, December 8 Authority Conference. That Conference will convene at 1:00 P.M. in the Hearing Room on the Ground Floor at the offices of the Tennessee Regulatory Authority in Nashville. Failure to respond to Staff's audit findings may result in a specific finding that the Deferred Gas Cost Adjustment Account at issue in this matter is not in compliance with Authority Rules and in such other findings as are necessary to address any of the deficiencies noted in Staff's audit findings.

Mr. Edward R. Ayres, President November 26, 2003 Page Two

If you have any questions regarding this matter, please contact either Hal Novak (ext. 174) or Pat Murphy (ext. 178) in the Energy and Water Division.

Very truly yours,

J. Richard Collier General Counsel Docket File No. 03-00389
Deborah Taylor Tate, Chairman
Henry Walker, Esq.

C: